

MAGNUSSEN

RYAN MAGNUSSEN - APRIL 28, 2006

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE ADAMS GOLF, INC.
SECURITIES LITIGATION

Consolidated
C.A. No. 99-371 KAJ
Class Action
Jury Trial Demanded

APRIL 28 2006
9:00 O'CLOCK A.M.

The Deposition of RYAN MAGNUSSEN
taken before Ernest Kuemmel, CSR(A), Examiner,
pursuant to Rules 203, 720, 204(1) of the Court of
Queen's Bench of Alberta at the offices of Michael
C. Dunkley, Calgary, Alberta, on the 28th day of
April, A.D. 2006.

APPEARANCES

FOR THE PLAINTIFFS:

Elizabeth W. Fox, Ms.
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, Pennsylvania 19103

and

Elizabeth A. Leland, Ms.
Keller Rohrback LLP
1201 Third Avenue, Suite 3200
Seattle, Washington 98101-3052

FOR THE DEFENDANTS:
(With the exception of the underwriters)

Michelle A. Reed, Ms. and
Laura Moriaty, Ms.
Akin Gump Strauss Hauer & Feld LLP
300 West 6th Street, Suite 2100
Austin, Texas 78701-3911

OFFICIAL COURT REPORTER:

DONNA GERBRANDT, CSR(A)

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1 RYAN CURTIS MAGNUSSEN, sworn, examined
2 by Ms. Leland:

3 Q. Good morning.

4 A. Good morning.

5 Q. Thank you for being here.

6 A. You're welcome.

7 Q. My name is Elizabeth Leland. I'm from
8 the law firm of Keller Rohrback in Seattle, and I'm
9 one of the attorneys for the plaintiffs in this
10 case. Could you state your name and your address
11 for the record, please?

12 A. Ryan Curtis Magnussen. Address is
13 135 Woodmont Drive, Southwest, Calgary, Alberta.

14 Q. Thank you. Now briefly, without
15 divulging the details of any of our communications,
16 can you tell me how the documents bearing the
17 numbers MCK on the bottom came to be in the
18 plaintiff's attorney's possession?

19 A. Vance Mackenzie and I had a meeting, I
20 believe -- well, management had a meeting and Vance
21 contacted the Seattle law firm, when we found out
22 that the lawsuit was going on, to offer up any
23 information that we had that might help them to,
24 you know, pursue the case, that helps the case.

25 Q. And the Seattle law firm took all the

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1 documents that were offered?

2 A. Yeah. I believe it was you came up to
3 our office in Calgary, and I had all my staff
4 supply you with their files from Adams, which you
5 went through and chose whichever documents you
6 wanted.

7 Q. And that was all the documents that were
8 offered; correct?

9 A. Yeah.

10 Q. Okay. Can you give me a brief
11 background of your work history before you became
12 affiliated with WDC Mackenzie?

13 A. I started work with Sears Canada, and I
14 worked with them for six years. I left as a retail
15 sales manager and I joined a bank, Canada Trust. I
16 became a branch manager at 25, and did that for
17 another seven years. I was one of the top
18 managers. And I decided that, based on how I was
19 successful in business and saw what my customers
20 did, that if I went out and did my own business
21 that I could be successful as well. So that's
22 where we started WDC after that.

23 Q. And in what year was WDC started?

24 A. In 1992.

25 Q. And can you give me a brief background

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1 Objection, mischaracterizing former testimony. You
2 may answer.

3 **A. The bottom line is my business is golf.**
4 **I can golf free everywhere all over here. So I**
5 **travelled and golfed and met with pros all over the**
6 **place and stayed in contact with my company daily.**

7 Q. MS. REED: Before 1992, did you
8 have any involvement in the golf industry?

9 **A. No.**

10 MS. LELAND: Can you clarify what
11 you mean by "involvement"?

12 MS. REED: Sure.

13 Q. Before 1992, did you have any knowledge
14 of golf industry sales? Let's start with that.

15 **A. Reasonably, yeah.**

16 Q. Now, I'm not a golfer and so I have to
17 ask lots of non-golf questions and get educated
18 through all of this. Tell me a little bit about
19 the golf season in Canada. So in Canada, when is
20 the high golf season and when is the low golf
21 season?

22 **A. It usually starts at the end of March,**
23 **beginning of April and will end about mid-October.**

24 Q. And Greg Pratt earlier testified that
25 the peak of the golf season was Father's Day. Does

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1 that sound about right to you?

2 **A. Yeah, June.**

3 Q. And typically would sales through the
4 golf season -- how are they distributed? When do
5 you have higher sales and when do you have lower
6 sales?

7 MS. LELAND: Object as to form.

8 Q. MS. REED: Okay. Let's start
9 with this: When do you have higher sales in the
10 golf season?

11 **A. Generally your spring shipment will be a**
12 **large amount, followed by either pre-arranged**
13 **fill-in shipments or -- and then followed up with**
14 **retailer later for further business.**

15 Q. Now, in 1998 was Adams Golf a "hot"
16 product?

17 **A. Yeah, I would say.**

18 Q. And tell me a little bit about hot
19 products? How long does a product usually stay
20 hot?

21 MS. LELAND: Can we define "hot",
22 just to make sure everybody is on the same page?

23 Q. MS. REED: Well, how would you
24 define "hot"?

25 **A. Very popular in the marketplace.**

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1 Q. Okay. How long would a golf club remain
2 very popular?

3 MS. LELAND: Object as to form.

4 **A. Depending on distribution, exclusively**
5 **up to three or four years.**

6 Q. MS. REED: And at some point
7 you would expect sales to slow down of a hot
8 product?

9 **A. Yeah.**

10 Q. And companies typically, to make sure
11 that they have continued sales, introduce new
12 products; is that right?

13 **A. Yeah.**

14 Q. And so if they have one product, they
15 try and follow it up by a second product to
16 continue the momentum?

17 MS. LELAND: Object to form.

18 **A. If the momentum on the first product is**
19 **no longer there, they generally will start to**
20 **develop -- research and develop a new product.**

21 Q. MS. REED: And tell me a little
22 bit about what made the Adams Golf club hot in
23 1998?

24 **A. It was upside down.**

25 Q. And tell me a little bit about that.

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1 **A. There you go. The club was designed**
2 **upside down. In golf clubs, if you look, in the**
3 **normal design the top is larger than the bottom,**
4 **the sole, and Adams Golf widened the sole and**
5 **lowered the top to give it more weight at the**
6 **bottom to get the ball airborne. So it was**
7 **incredible technology to come up with, and the club**
8 **performed unbelievably well. So that's what made**
9 **that one hot.**

10 Q. So I need to get myself an Adams Golf
11 club because mine doesn't go very far. When Adams
12 introduced that club, did anyone else have a club
13 that was similar to Adams?

14 **A. Not even -- there were similar -- no.**

15 Q. Did at some point --

16 **A. It was a happening new thing.**

17 Q. Did at some point competitors introduce
18 clubs that were similar to Adams?

19 **A. They tried to, yeah, introduce clubs**
20 **that would compete with Adams. Fairway would.**

21 Q. Did Orlimar introduce a club in late
22 summer, early fall 1998 that would compete with
23 Adams?

24 **A. Yes.**

25 Q. Did Callaway introduce a club that would

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1 compete with Adams?

2 **A. Maybe. To the best of my recollection,**
 3 **I didn't pay a lot of attention to what Callaway**
 4 **did, so...**

5 Q. Tell me a little bit about the golf
 6 industry and who you would consider Adams Golf
 7 competitors in 1998?

8 **A. In '98. Due to the product, design, and**
 9 **innovation it was a top club, top of the market.**
 10 **And so its competitors would have been the**
 11 **Callaway, Taylor Made. The top-end manufacturers.**

12 Q. Can you think of any others?

13 **A. Titleist, Nazumo.**

14 Q. What's that one?

15 **A. Nazumo.**

16 Q. Does that sort of sum up Adams Golf's
 17 competition?

18 **MS. LELAND:** To the best of your
 19 recollection

20 **A. To the best of my recollection, but**
 21 **there are 50 club manufacturers probably out there,**
 22 **and they're all Adams' competition.**

23 Q. **MS. REED:** Had any of these
 24 other manufacturers experienced gray marketing of
 25 their clubs --

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1 **MS. LELAND:** Object to form.

2 Q. **MS. REED:** -- in 1998?

3 **MS. LELAND:** Object as to form.

4 **A. To the best of my knowledge, yes.**

5 Q. **MS. REED:** Which golf
 6 manufacturers experienced gray marketing in 1998?

7 **A. Particularly -- in 1998?**

8 Q. Yes.

9 **A. To the best of my knowledge, I don't**
 10 **know.**

11 Q. Or previous to 1998.

12 **A. Titleist, Callaway.**

13 Q. Did Taylor Made --

14 **A. I don't shop at Costco.**

15 Q. Excuse me?

16 **A. I don't shop at Costco, so I don't...**

17 Q. But based on your knowledge from being
 18 in the company, were you aware of any other
 19 manufacturers that had previously experienced gray
 20 marketing in 1998?

21 **A. To the best of my knowledge, the two I**
 22 **mentioned.**

23 Q. Do you know if Taylor Made did?

24 **A. That's... I had a letter -- is it**
 25 **Titleist Kober (phonetic) or is it --**

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1 **MS. LELAND:** You just answer to
 2 the best of your recollection We're trying to get
 3 at what you know, so...

4 **A. Yeah.**

5 Q. **MS. REED:** Callaway and
 6 Titleist?

7 **A. Yeah.**

8 Q. That's good. And even after gray
 9 marketing, would you consider Callaway to be a
 10 major name brand club?

11 **MS. LELAND:** Object as to form.
 12 You can answer.

13 **A. Yes, but it's not comparing apples with**
 14 **apples. You know, one's an established business**
 15 **and one is a new business.**

16 Q. **MS. REED:** Even after gray
 17 marketing would you consider Titleist to be a major
 18 name brand club?

19 **MS. LELAND:** Object to form.
 20 Yes.

21 **A. The same thing?**

22 **MS. FOX:** Finish.

23 **MS. LELAND:** You go ahead and
 24 finish your answer.

25 **MS. REED:** Counsel, I would

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1 appreciate it if you wouldn't coach the witness
 2 either verbally or through your actions during the
 3 Deposition.

4 **MS. LELAND:** I'm sorry. I was
 5 not coaching the witness, but go ahead and answer
 6 the question.

7 **THE WITNESS:** Please repeat the
 8 question.

9 **MS. REED:** I can just move on.

10 Q. Earlier you had talked about the various
 11 products that WDC Mackenzie marketed. Was WDC
 12 Mackenzie focussed on selling popular products?

13 **MS. LELAND:** Object as to form.

14 **A. Our goal was to gain exclusive Canadian**
 15 **rights to a product so that we had control in**
 16 **Canada of how the product sold and... quickly**
 17 **repeat the question.**

18 Q. **MS. REED:** Were you focussed on
 19 selling hot or revolutionary products?

20 **MS. LELAND:** Object to the form.

21 **A. Again, no. We wanted to get the**
 22 **Canadian distribution for whatever we could get**
 23 **off, and we had to believe that it had a pro**
 24 **the product had potential in the marketplace. We**
 25 **generally had products that were not in the**

MILLER

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IN RE ADAMS GOLF, INC. : CONSOLIDATED
:
SECURITIES LITIGATION : C.A. No. 99-371 KAJ

Friday, August 11, 2006

Oral deposition of R. ALAN MILLER, taken
pursuant to notice, was held at the offices of AKIN,
GUMP, STRAUSS, HAUER AND FELD, LLP, 590 Madison
Avenue, 18th Floor, New York, New York 10022-2524
commencing at 8:50 a.m. on the above date, before Beth
A. Barkocy, Certified Shorthand Reporter and Notary
Public.

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<p>1 type of disclosure of the issue of gray 2 marketing 3 By the way, I would suggest that the 4 entire press release was new information, not 5 just the portion of it you asked me about, 6 and it would be taken by the market in its 7 entirety. That doesn't say that there 8 weren't some people who knew in the spring of 9 '98, and I think it was April and May, that 10 there was some level of gray marketing going 11 on. 12 I'm thinking of some of the 13 references in Mackenzie's work, and some of 14 the complaint letters, I think, referenced in 15 Mr. Grace's work, that there was some level 16 of knowledge about some of it, but I think in 17 terms of public information to the market, 18 that this is the first such piece, but when I 19 say "to the market" here, we have to remember 20 there was no public stock at that time, so 21 even though it was released to the market and 22 to the public, there would have been no 23 community of stockholders or analysts, for 24 example, to follow this at the time. 25 BY MR. BESSETTE:</p>	<p>1 BY MR. BESSETTE: 2 Q -- or old information? 3 MR. LEWIS: Object to the form. 4 BY MR. BESSETTE: 5 Q The part I just read 6 MR. LEWIS: Same objection. 7 THE WITNESS: I think the -- 8 BY MR. BESSETTE: 9 Q Let me withdraw it and make the 10 question a little more precise 11 The information about Tight Lies 12 showing up in Costco, prompting a lawsuit, is that new 13 information or old information? 14 MR. LEWIS: Objection to form and 15 foundation. 16 THE WITNESS: That's a good 17 question. It's technically old information 18 by that point because they refer to 19 information that had occurred sometime 20 previously and had been discussed in the 21 press release sometime previously, but it's 22 the type of information in the form of 23 distribution that would fit into the messier 24 category we talked about earlier as opposed 25 to the clean, simple major national</p>
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<p>1 Q This press release was 2 contemporaneous with the IPO roadshow, was it not? 3 MR. LEWIS: Objection to form, 4 foundation. 5 THE WITNESS: Yeah, I believe that's 6 right. 7 BY MR. BESSETTE: 8 Q Let me show you what's been marked 9 as Exhibit-233 (indicating). This is the Golf Pro 10 article that you reference in your report at 11 Paragraph 13A? 12 A Right. 13 Q On Page 3 of the article, it states 14 that the company joined the ignominious ranks of the 15 big boys in another way this year; Tight Lies started 16 showing up in Costco, prompting a lawsuit from Adams 17 with two different aims. Do you see that? 18 A Yes. 19 Q Was this information released on or 20 about August 1, 1998 publish date? 21 A I haven't seen any reason to think 22 so. 23 Q Is this information in this report 24 new information -- 25 MR. LEWIS: Object to the form.</p>	<p>1 impact-type release or earnings-type 2 information for a large-cap company followed 3 widely by Wall Street or whatever the 4 examples were that we were talking about; 5 that is, you've got this article appearing to 6 the trade, as my understanding goes, in, most 7 likely, mid July, as best I can tell, and 8 that's not -- I don't think there's any 9 certainty as to the dates when this thing 10 actually reached people. 11 BY MR. BESSETTE: 12 Q You're just guessing when it reached 13 people, right? 14 MR. LEWIS: Objection to form. 15 THE WITNESS: No. My understanding 16 is there has been work done on that issue 17 that the best information is that it was most 18 likely the middle of July, and if you analyze 19 the text of the article, it appears to make 20 sense that it would be out sometime in the 21 middle of July. 22 BY MR. BESSETTE: 23 Q What work has been done? 24 A My understanding is contact had been 25 made with -- I think it was the circulation director</p>

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<p>1 of the magazine, who indicated a likely distribution 2 date of mid month before the cover date. 3 Q. Who is that person? 4 A. I don't know. 5 Q. Who made the contact? 6 A. Counsel. 7 Q. Which one? 8 A. I'm sorry, I don't know which one of 9 plaintiff's counsel. 10 Q. Which one told you? 11 A. I think it was Mr. Collins. 12 There had been other contact that it 13 might have been the middle of August with another 14 person with some role, I believe, at Fairchild 15 Publications, not positive of that but I think that's 16 right, but the weight of that information seemed to go 17 to the middle of July and our general experience about 18 magazine release dates, and I think most people's, is 19 that they come out before the cover date, not after. 20 Q. Do you have any actual evidence that 21 it came out in the middle of July? 22 MR. LEWIS: Objection to the form. 23 BY MR. BESSETTE: 24 Q. That's a yes or no. Do you have any 25 evidence that it came out in the middle of July?</p>	<p>1 that it's likely it came out in mid July. 2 A. This may take a while because I did 3 this a while ago, but I'll go through it and see if I 4 can find it. 5 Q. Let's do it on the lunch break. 6 A. That's fine with me. 7 Q. The information about Tight Lies 8 showing up in Costco, prompting a lawsuit, I think you 9 said that was old information but also -- you started 10 to go through some explanation about how it was messy 11 as well. I'm not sure I understand. Is that 12 information, whether it came out in July or on the 13 publish date, is that old or new information? 14 MR. LEWIS: Objection to form. 15 THE WITNESS: I think what I said 16 about that is that although it's technically 17 old information in the sense that it refers 18 to information that it occurred previously, 19 that is, the lawsuit and the fact of the 20 clubs showing up in Costco, but that it's not 21 of the clean, simple national impact type of 22 information we had discussed earlier when you 23 asked me a general question about this sort 24 of thing, which came out on Monday, repeated 25 on Wednesday, would likely not have an effect</p>
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<p>1 MR. LEWIS: Same objection 2 THE WITNESS: I'm not sure what you 3 mean by evidence because in my view if you 4 analyze the text, it looks to be likely that 5 it came out earlier than later, that is, in 6 July as opposed to in August, and we looked 7 at the text pretty closely for that and we 8 looked at the text of an article that 9 appeared in the September issue of Golf Pro, 10 and it appeared as though that most likely 11 was written to come out in August. 12 Having said all that, I am certainly 13 not certain of that distribution date. 14 BY MR. BESSETTE: 15 Q. What text are you referring to? 16 A. I'd have to try to go through this 17 and pick it all out, but if there's some reference in 18 here that indicates it was written before the IPO, 19 which occurred around the beginning of January. 20 MR. LEWIS: You said January. 21 THE WITNESS: July, I'm sorry. 22 Thanks. 23 BY MR. BESSETTE: 24 Q. I'd like to at least see what text 25 you're talking about that leads you to the conclusion</p>	<p>1 on Wednesday. 2 This is in the category, to me, of 3 messier information, that is, in a trade 4 publication, to my understanding distributed 5 primarily to the trade, and following an 6 earlier disclosure of the information in the 7 form of a press release into a market in 8 which there was no publicly traded stock for 9 market participants to follow 10 BY MR. BESSETTE: 11 Q. Do you think that information as 12 conveyed in this article is material? 13 MR. LEWIS: Objection to form, 14 foundation 15 THE WITNESS: Yes. 16 BY MR. BESSETTE: 17 Q. How do you determine that? 18 A. I think that taking the paragraph 19 you focused on, the use of the words join the 20 ignominious ranks of the big boys would suggest that 21 for a small growth company to join the ranks of the 22 big boys would be an important event. The ignominious 23 suggests potentially important just by the use of the 24 word. The fact that Tight Lies started showing up in 25 Costco, I think would be important for the reasons we</p>

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<p>1 report, if you would, please. You should still have 2 it there.</p> <p>3 A. (Witness complies.) 4 MR. BESSETTE: Mark this as 350, 5 please. 6 (Fax dated 08/04/98 was marked 7 Exhibit-350 for identification) 8 BY MR. BESSETTE: 9 Q I've handed you Exhibit-350, which 10 is the August 4 Lehman Brothers' initiation of 11 coverage report on Adams Golf. You also have 12 Exhibit-180, which is the August 28 Lehman report on 13 Adams Golf. 14 A. Right. 15 Q. The Paragraph 9 of your rebuttal 16 report -- you can turn to it if you want -- you say 17 that, in talking about this Lehman report on 18 August 28, that the bulk of it -- that it contained a 19 buy recommendation and the bulk of it was 20 overwhelmingly positive with respect to Adams Golf and 21 its prospects, therefore diluting the impact of the 22 gray market disclosure that's at the end that we 23 already looked at, right? 24 A. Right. 25 Q. Your view is the August 28, 1998</p>	<p>1 tilt on it. I think what I'm saying there is 2 that in the context of analyzing Mr. James' 3 claim that the fact that there was not a 4 statistically significant negative reaction 5 to the quote disclosure unquote of the gray 6 marketing problem in this report should be 7 viewed in the context of the entire report 8 being overwhelmingly positive and that the 9 market deals with all the information 10 received -- it receives when it receives it 11 and does not select one page out of 28 or one 12 paragraph, whatever it is, out of 28 and 13 respond only to it and ignore all the rest. 14 I think that was basically the point, that 15 the attempted measurement and reaching a 16 conclusion based on the measurement of one 17 small piece of an entire report is not 18 appropriate 19 BY MR. BESSETTE: 20 Q. Looking at Exhibit-350, the earlier 21 Lehman report, I want you to compare them, because 22 when I do, I see the investment thesis, the 23 recommendation, and the target prices are identical. 24 MR. LEWIS: Is there a question? 25 BY MR. BESSETTE:</p>
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<p>1 report by Lehman was material and it was 2 overwhelmingly positive for Adams Golf? 3 MR. LEWIS: Objection to form and 4 foundation. 5 THE WITNESS: (No response.) 6 BY MR. BESSETTE: 7 Q. Let me strike that on the material. 8 It's overwhelmingly positive, as you 9 say in your report. Is it material, in your opinion? 10 MR. LEWIS: Objection to form and 11 foundation. 12 THE WITNESS: Let me strike that 13 question. 14 BY MR. BESSETTE: 15 Q. Is it your opinion, sir -- strike 16 that. 17 In the report, you're offering a 18 rebuttal to Mr. James that I think goes like this: 19 The reason that the Lehman Brothers' August 28 report 20 didn't affect the stock price was because it was 21 overwhelmingly positive and diluted the impact of the 22 gray market disclosure; do I have that right? 23 MR. LEWIS: Objection to form and 24 foundation. 25 THE WITNESS: Slightly different</p>	<p>1 Q. I want you to go ahead and look at 2 that because my question is going to be what is new in 3 the August 28 report that is not merely a restatement 4 of the August 4 report. 5 MR. LEWIS: Objection, overbroad, 6 vague and unintelligible. 7 THE WITNESS: Approximately 25 8 additional pages of material, and if the 9 question is what's in the 25 pages, the 25 10 new pages that's not in the original report, 11 I'd have to go through it, basically, 12 paragraph by paragraph to see what it is. 13 The point that I was making in the 14 rebuttal report that you identified was not, 15 in essence, a stand-alone point as to the 16 August 28 report but a response to Mr. James 17 reaching a conclusion based on one paragraph 18 in that report, one or two paragraphs, 19 whatever it is, as opposed to the contents of 20 the entire report and the context in which it 21 appears. 22 BY MR. BESSETTE: 23 Q. As part of your work in this case, 24 you did not compare the Lehman August 28 report with 25 its initiation coverage report on August 4 to see if</p>

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<p>1 there was any new material information in the 2 August 28 report; is that right? 3 MR. LEWIS: Objection to form and 4 foundation; misstates the testimony. 5 THE WITNESS: That's probably about 6 a third or half right. I don't remember 7 doing that as a separate exercise like that, 8 just focused on those two items; that is, we 9 reviewed the information that came in the 10 marketplace, generally speaking, on a 11 chronological basis and also by source of 12 that information, so I went through the 13 Lehman Brothers' reports at one time, I went 14 through the Ferris Baker reports at another 15 time, and all that in conjunction with 16 looking at the stock price, volume, movements 17 relative to the comparable companies and the 18 other sorts of information we've discussed 19 earlier today, so I was reading them pretty 20 close in time but I don't recall doing it for 21 the purpose you asked, to determine what new 22 information existed in the 28th that did not 23 come out in the 4th. 24 BY MR. BESSETTE: 25 Q. Did you see before today the</p>	<p>1 too obvious when you read that, but you'd 2 have to try to figure out what the company 3 spent to keep retailers happy and the number 4 of sales they lost, if you could do this from 5 the information -- starting, I suppose, with 6 the information compiled by Mr. Grace and 7 then trying to extrapolate from that as best 8 you could as to what other customers were 9 lost that you never heard from, but that's 10 not an exercise that we undertook and I don't 11 know that anybody else has here 12 BY MR. BESSETTE: 13 Q. Have you read Mr. James' rebuttal 14 report? 15 A. Yes. 16 Q. Summarize, if you would, for me your 17 critiques of his rebuttal report. 18 MR. LEWIS: Objection, overbroad, 19 vague and ambiguous. 20 THE WITNESS: I could try to do that 21 quickly if you had a copy for me to look at. 22 BY MR. BESSETTE: 23 Q. Have you already sort of done that, 24 taken some notes, prepared something, a summary of 25 your critiques of his rebuttal report?</p>
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<p>1 August 4 report? 2 A. Yes. 3 Q. Have you attempted to quantify the 4 impact of Costco sales on Adams' pre-IPO sales volume? 5 MR. LEWIS: Objection to form. 6 THE WITNESS: I was aware of what 7 the numbers were while going through this 8 analysis. I don't recall trying to do 9 anything more specific like dividing one into 10 the other or anything like that, but sure, I 11 knew what the Costco numbers were and 12 purchases and sales, I believe, of Costco and 13 roughly what the Adams numbers were at about 14 the time of the IPO; sure 15 BY MR. BESSETTE: 16 Q. What impact did Costco sales have on 17 Adams' reported profitability pre-IPO? 18 MR. LEWIS: Objection to form and 19 foundation. 20 THE WITNESS: I don't recall seeing 21 that broken out anywhere. I think with 22 respect to historical profitability covering 23 the period prior to the IPO, you'd have to 24 try to determine the effect on sales and 25 costs to answer that. Sorry, that might be</p>	<p>1 A. No, I don't think so. I remember 2 reading through it fairly quickly when I got it and 3 having some thoughts, but I haven't prepared anything. 4 Q. I had some questions about the 5 roadshow, and I think we determined that it started in 6 mid June or so? 7 A. Right. 8 Q. The book building process, that 9 occurs well before the roadshow, does it not, 10 generally speaking? 11 MR. LEWIS: Objection to form. 12 THE WITNESS: Usually, it does. 13 Well, it starts -- did you say occurs? It 14 starts before the roadshow and continues 15 well, probably, through the IPO. 16 BY MR. BESSETTE: 17 Q. Okay. 18 Are you expressing any opinions in 19 your reports or do you intend to express any 20 concerning plaintiff's allegations of questionable 21 sales practices? 22 MR. LEWIS: Object to the form. 23 THE WITNESS: My understanding is 24 that I probably don't. 25 BY MR. BESSETTE:</p>

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